

# SEM Chart of the Week

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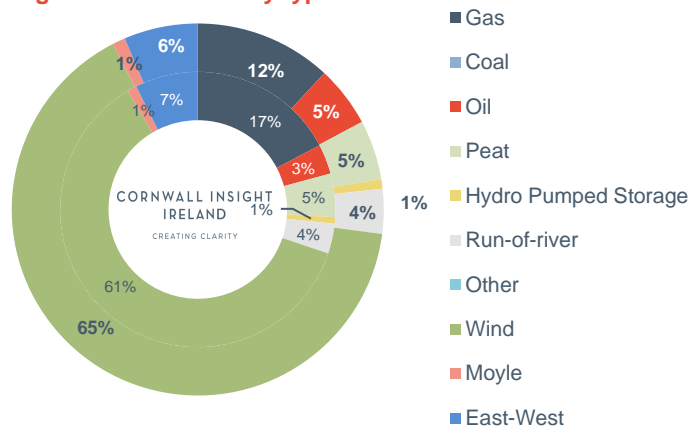
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## Wind Of Change: What's this, more RESS talk!

There's no shortage of speculation regarding the upcoming Renewable Energy Support Scheme (RESS) auctions, however, we should spare a thought for our friends in Eirgrid who own the challenge of operating this relatively highly dominated renewable energy saturated system. This challenge is getting tougher, with the forecasted additional wind and solar assets due to join the system, in order to meet our 2030 targets. This week's chart looks at the storage opportunities both in front and behind the meter on the island of Ireland.

Figure 1: Generation by type for the last two weeks



Source: SEMOpX and Cornwall Insight Ireland

As the market has encountered since DS3's inception, balancing wind versus base level synchronous load is no mean feat, and despite the recent record performance in *figure 1*, it's highly likely we'll need vast amounts of additional storage technologies facilitating these new RESS participants.

### Here Comes the Sun

Technical and commercial advances in lithium-ion technologies have pushed through the previously existing investment hurdle perceptions. The DS3 Volume Capped market auction of 2019 is a testament to this, where 110MW of grid facing storage was procured. Or so we think! On closer inspection, the DS3 auction results show how big the appetite is for risk in the grid facing storage market. If we consider average European prices for battery cost and installation, it would appear that the assets are potentially a ways away from break-even, let-alone profitability with the prices received at the auction.

### Harder Better Faster Stronger

Surely we cannot depend upon industry Mavericks being frivolous with their hard borrowed cash. What about hybrid sites? At our last event in October, Pathway to 2030, our colleague Ruth Young, explained our perception of a likely timeline for the ETA of a hybrid site into the market, being 2025. Also the hard fact that hybrid sites are not allowed behind the same meter in RESS. This is especially relevant, as we know that value stacking or "revenue hopping", is a great opportunity for storage projects to reach the holy grail of acceptable IRRs. Furthermore, hybrid sites behind the meter only push this business case even further into the black.

### Take Me to the River

A holistic approach for future RESS is what the grid needs, and extending the available funding to include storage assets, whether they be behind or in front of the meter, seems logical. Watch this space.

